



## Financial Factsheet – 2019

### Advisory Services – Irish Life Retail

#### 1. RETIREMENT PLANNING

##### 1.1 Tax Relief on Pension Contributions

Limits for tax relief on contributions to PRSAs, RACs and Employee contributions to Occupational Pension Schemes (including AVCs)

Age attained during tax year	% of Salary / Net Relevant Earnings
Under 30	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 and over	40%

An earnings cap of **€115,000** applies for tax relief purposes to aggregate contributions to PRSAs, RACs, and employee / AVC contributions to occupational pension schemes.

The earnings limit of €115,000 will also apply to contributions paid in 2019 which are backdated to the 2018 tax year.

The earnings cap does not apply to employer contributions to occupational pension schemes.

For occupational pension schemes the total contribution (Employer and Employee) must be within overall Revenue maximum contribution levels.

##### 1.2 Occupational Pension Schemes

Sample Maximum Contribution Rates, as % of Salary.

Male Current Age	Retirement Age	
	60	65
30	72%	54%
35	86%	63%
40	108%	76%
45	144%	95%
50	216%	126%
55	432%	189%

Female Current Age	Retirement Age	
	60	65
30	67%	49%
35	80%	58%
40	100%	69%
45	133%	86%
50	200%	115%
55	400%	173%

The table assumes that the member is married with at least 10 years service at retirement. Existing pension benefits are not included in the above rates. These rates are calculated using current Capitalisation Factors published by the Revenue Commissioners. Member's total pension fund is restricted to €2 million (Standard Fund Threshold)

##### Revenue Maximum Approvable Pension Benefits – Uplifted Scale.

Service @ NRA	Max. as fraction of Final Remuneration
1yr	4/60ths
2yrs	8/60ths
3yrs	12/60ths
4yrs	16/60ths
5yrs	20/60ths
6yrs	24/60ths
7yrs	28/60ths
8yrs	32/60ths
9yrs	36/60ths
10yrs	40/60ths

##### Revenue Maximum Approvable Lump Sum Benefits – Uplifted Scale

Service @ NRA	Max. as fraction of Final Remuneration
1 – 8 yrs	3/80ths each year
9yrs	30/80ths
10yrs	36/80ths
11yrs	42/80ths
12yrs	48/80ths
13yrs	54/80ths
14yrs	63/80ths
15yrs	72/80ths
16yrs	81/80ths
17yrs	90/80ths
18yrs	99/80ths
19yrs	108/80ths
20yrs	120/80ths

Reductions apply where member leaves service before NRA.

##### 1.3 Maximum Pension Benefits

The **Standard Fund Threshold** is **€2,000,000**

The **Maximum Retirement Lump Sum** from all pension plans is **€500,000**.

##### Taxation of Retirement Lump Sum

Lump Sum	Income Tax
First €200,000	Exempt
Next €300,000	20% Income Tax
Balance	Marginal rate income tax plus PRSI & USC

The €200,000 and €500,000 limits include all retirement lump sums taken since 7<sup>th</sup> December 2005

## 1.4 ARFs

**Requirements** (assuming eligibility conditions are satisfied)

- A guaranteed **pension income in payment** for life of **€12,700 pa**, or
- Invest **€63,500 in an AMRF or Annuity**, or entire fund if less.

### Imputed ARF & Vested PRSA Distributions

- ARF or vested PRSA holders are required to take a 4% withdrawal from age 61, this increases to 5% from age 71 (age 60 & 70 respectively if date of birth is 1 January) Where total value of ARFs & vested PRSAs exceeds €2 million a rate of 6% applies.
- If clients do not take this income they will be liable to income tax, PRSI and Universal Social Charge in the same way as if an actual withdrawal had been made.
- Income tax, PRSI and USC will depend on the individuals own circumstances.
- Imputed distribution applies to AMRFs & vested PRSAs holding of the AMRF equivalent from age 75.
- No withdrawals can be taken from Vested PRSAs after 75, the imputed distribution tax will continue to apply.

### Taxation of AMRFs, ARFs, Vested PRSAs & Vested RACs Funds on Death of Original planholder

Funds to	Income Tax	Inheritance Tax
Spouse's / Registered Civil Partner's ARF	<b>No.</b> Future withdrawals subject to PAYE	<b>No.</b> Spouse's / Civil Partner Exemption
Child under 21	<b>No.</b>	<b>Yes.</b> Taxable Inheritance.
Child over 21	<b>Yes at 30%</b>	<b>No.</b> Exempt
Other (Incl. spouse / civil partner directly)	<b>Yes.</b> Income of deceased in year of death. QFM deducts higher rate tax under PAYE	<b>Yes.</b> Taxable Inheritance (spouse / civil partner exempt)

Applies to ARFs & AMRFs set up post April 2000 and to Vested PRSAs & Vested RACs

## 2. SOCIAL INSURANCE

### 2.1 PRSI Classes

Benefit Entitlement	<u>Class A</u> Employees	<u>Class S</u> Self Employed & Company Directors
Job Seekers	Yes	No
Illness	Yes	No
Invalidity Pension	Yes	Self Employed only
State Pension (Contributory)	Yes	Yes
Widow(er)'s Contributory Pension	Yes	Yes

### 2.2 State Pension Age

The state pension age increased to age 66 in 2014 and is due to increase to

- Age 67 in 2021
- Age 68 in 2028

## 2.3 PRSI and Universal Social Charge Rates

PRSI rates	A1	S1
<b>Employee</b> All Income (Employee earnings less than €352pw exempt)	4%	4%
<b>Employer</b> Income up to €386pw (€20,072pa) Income exceeding €386pw	8.7% 10.95%	n/a

PRSI is payable on rental income, dividends and interest on deposits and savings (if the total of such income exceeds €5,000 pa)

Universal Social Charge	Employee	Self Employed
Income up to €12,012	0.5%	0.5%
Between €12,012 and €19,874	2%	2%
Between €19,874 and €70,044	4.5%	4.5%
Between €70,044 and €100,000	8%	8%
Income in excess of €100,000	8%	11%

Full medical card holders & over 70s pay the USC at the reduced rates below unless they have earnings greater than €60,000

Income up to €12,012	0.5%	0.5%
Income in excess of €12,012	2%	2%

The USC exemption threshold is €13,000. The USC is paid on gross income, before the deduction of capital allowances or pension contributions. It does not apply to social welfare payments, including contributory and non – contributory social welfare pensions.

### 2.4 Social Insurance Benefits

For further details on Social Welfare Benefits and qualifying conditions see [www.welfare.ie](http://www.welfare.ie)

From March 2019	Weekly Benefit
<b>State Pension Contributory</b> Personal Rate Personal + Adult dependant (over 66)	€248.30 €470.80
<b>Widow/Widowers Contributory Pension</b> (under 66)	€208.50
<b>Invalidity Pension</b> Personal Rate (under 66) Personal + Adult dependant (under 66)	€208.50 €357.40
<b>Jobseekers / Illness Benefit</b> Personal Rate Personal + Adult dependant	€203.00 €337.70
<b>Jobseekers Allowance</b> <u>18 to 24 years of age</u> Personal Rate Personal + Adult dependant  <u>25 years of age</u> Personal Rate Personal + Adult dependant  <u>26 years of age and over</u> Personal Rate Personal + Adult dependant	 €112.70 €225.40  €157.80 €292.50  €203.00 €337.70
Where a person aged 18 to 24 has a dependent child the basic person rate (€203) applies	
<b>Dependant Child</b> – Increase Under 12	€34.00
– Increase Over 12	€37.00

## 2.5 Child Benefit (Children's Allowance)

Rate per child	€140
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## 3. INCOME & CAPITAL GAINS TAX

### 3.1 Income Tax Standard Rate Bands

<u>Single / Widowed</u>	
No dependant children	€35,300
With dependant children	€39,300
<u>Married</u> – one income	€44,300
<u>Married</u> – two incomes	€44,300 + increase
<i>Increase is the lower of €26,300 and income of lower earning spouse</i>	

### 3.2 Income Tax Exemption Limits

Single / Widowed (aged 65 +)	€18,000
Married (either spouse over 65)	€36,000

### 3.3 Income Tax Rates

Standard Rate	20%
Higher Rate	40%

### 3.4 Income Tax Credits

<u>Personal Credits</u>	
Single	€1,650
Married	€3,300
Single Person Child Carer Credit	€1,650
Employee Tax Credit	€1,650
Earned Income (Self Employed)	Max €1,350
Age Allowance	€245

### 3.5 Mortgage Interest Relief

Mortgage Interest Relief has been extended on a reducing basis for further three years until the end of 2020. In 2018 the threshold will be 75% of 2017 levels, 50% in 2019 and 25% in 2020.

Home Loans		
	<b>Single</b> Years 1 – 7	<b>Married</b> Years 1 – 7
First Time Buyers	€10,000	€20,000
Others	€3,000	€6,000

#### Rate at which relief will be granted

	First Time Buyers	Others
Years 1 & 2	25%	15%
Years 3 – 5	22.5%	15%
Years 6 & 7	20%	15%

A special rate of 30% applies to first time buyers for mortgages taken out between 01/01/2004 and 31/12/2008 for tax years 2012 to 2017.

- Mortgage Interest Relief will be abolished entirely by the end of 2020.
- Qualifying loans taken out before 31 December 2012 will continue to get relief until 31 December 2020.
- Loans taken out from 1 January 2013 will not qualify for mortgage interest relief.

### Rented Residential Property

80% of any interest on a loan for the purchase, repair or improvement of a rented residential property can be offset against Case V rental income (from 1 January 2017).

### 3.6 Benefit in Kind (BIK)

Preferential Loans – Specified Rates	
Qualifying Home Loan	4%
Other	13.5%
Small Benefit Exemption Threshold (non-cash benefit)	€500

### 3.7 Permanent Health Insurance (Income Protection)

Tax relief is available on contributions to a maximum of 10% of total income. PRSI relief is no longer available. This is completely separate from the limits that apply for pension contributions.

### 3.8 Capital Gains Tax

Tax Rate	33%
Annual Exemption	€1,270

<u>Retirement Relief Limits</u>	<u>Relief available up to</u>
Disposer under 66	
Disposal to a child	No limit
Disposal to other than a child	€750,000
Disposer over 66	
Disposal to a child	€3,000,000
Disposal to other than a child	€500,000

### 3.9 CGT Indexation Relief

Tax Year Asset Acquired	Multiplier for disposal
1985 / 86	1.713
1986 / 87	1.637
1987 / 88	1.583
1988 / 89	1.553
1989 / 90	1.503
1990 / 91	1.442
1991 / 92	1.406
1992 / 93	1.356
1993 / 94	1.331
1994 / 95	1.309
1995 / 96	1.277
1996 / 97	1.251
1997 / 98	1.232
1998 / 99	1.212
1999 / 00	1.193
2000 / 01	1.144
2001	1.087
2002	1.049
2003 to date	1.000

### 3.10 Tax Payment Dates

Income Tax	
31 October 2019	<ul style="list-style-type: none"> <li>Return filing date and payment of balance of Income Tax for 2018</li> <li>Preliminary Income Tax due for 2019</li> </ul>
Mid November 2019	<ul style="list-style-type: none"> <li>Extension to return filing date and payment for users of the ROS (Revenue Online Service)</li> </ul>

Capital Gains Tax (CGT)	
15 December 2019	<ul style="list-style-type: none"> <li>Payment of CGT on disposals from 1 January 2019 to 30 November 2019.</li> </ul>
31 January 2020	<ul style="list-style-type: none"> <li>Payment of CGT on disposals made from 1 December 2019 to 31 December 2019.</li> </ul>

Capital Acquisitions Tax (CAT)	
31 October 2019	<ul style="list-style-type: none"> <li>Payment of CAT on gift / inheritance from 1 September 2018 to 31 August 2019.</li> </ul>
Mid November 2019	<ul style="list-style-type: none"> <li>Extension where CAT return and payment made through ROS (Revenue Online Service)</li> </ul>

### 4. CAPITAL ACQUISITIONS TAX

Thresholds	
<b>Group A</b>	€320,000 (Child)
<b>Group B</b>	€32,500 (Lineal ancestor/descendant, brother, sister or child of brother or sister)
<b>Group C</b>	€16,250 (Others)
The thresholds apply to all gifts and inheritances received since 5 December 1991.	
<b>Tax Rate</b> on all gifts/inheritances above threshold	33%
<b>Annual Gift Exemption</b>	€3,000
The annual small gift exemption can be availed of regardless of the relationship between the donor and the beneficiary. The exemption is limited to €3,000 per beneficiary from each donor in a calendar year. It does not impact on the CAT thresholds noted above.	

### 5. CORPORATION TAX

Tax rates	
Trading Income*	12.5%
Non-trading Income	25%
* unless income is from an excepted trade (e.g. certain land dealing activities)	

### 6. STAMP DUTY

#### 6.1 Residential Property

Consideration	Rate
First €1,000,000	1%
Balance	2%

#### 6.2 Commercial Property

A single rate of stamp duty for commercial properties of 6% applies.

### 7. SAVINGS & INVESTMENT TAX

Life Assurance Plans	41%
Company Owned Life Assurance Plans	25%
Personal Portfolio / Wrapper Products	60%
Deposit Interest Retention Tax*	35%

\* Regardless of frequency of interest credited

PRSI on unearned income will not apply to amounts paid out on life assurance policies.

The information contained in this document is based on Irish Life's (ILA) understanding of legislation as at January 2019 which may change in the future. While great care has been taken to ensure the accuracy of the information it contains, ILA cannot accept responsibility for its interpretation, nor does it provide legal or tax advice.